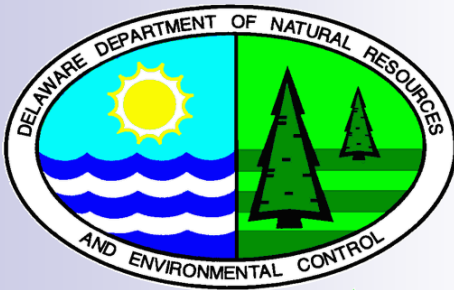


# ***Natural Minor (Reg. 1102) Fee Public Workshop***



February 26, 2020

***Blue Skies Delaware; Clean Air for Life***

# ***Agenda***

- Director's Comments & Introductions 5 Min.
- Background 10 Min.
- Fee Initiative Overview 20 Min.
- Message 20 Min.
- Open Discussion (Q & A) 30 Min.
- Closing Comments 5 Min.



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# ***Director's Comments & Introductions***



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# ***NM (Reg. 1102) Fee Background***

- Current fees (construction & annual permit) set in 1991
  - As of 2020, 29 years without a fee adjustment
- Program relies heavily on Federal & State General Funds
  - Fees do not generate sufficient revenue to sustain the program
  - Estimates indicate revenue = 25% of program costs
- Permits issued under NM Program include:
  - Construction permits for Synthetic Minor and Title V Sources
  - Natural Minor facilities
    - Includes Area Sources (dry cleaners, auto-body shops, sandblasting)
- Current fee structure does not consider complex regulation review/applicability
  - Middletown Data Center



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# ***NM Fee Recommendation***

- Can't be transformed in one sweeping fee revision
- Three-phased strategy to increase program revenue
  - Each phase: 3 years, to observe/assess, provide budget stability & planning
  - Reevaluate in third and sixth years to adjust fees to achieve revenue goals
  - **Phase One:** Initial revenue goal of ~50% of the current estimated program costs (2020 Legislative Session)
    - Effective January 1, 2021
  - **Phase Two:** Second revenue goal of ~75% of the revised program costs (2023 Legislative Session)
  - **Phase Three:** Third revenue goal of ~100% of the actual program costs (2026 Legislative Session)



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# ***NM Fee Recommendation***

- Reduce structure from 38 to 15 billable fees
- Additionally, establish seven application complexity fees
  - Based on regulatory applicability thresholds
  - Example: Middletown Data Center
- Phased strategy will:
  - Avoid one large fee increase
  - Minimize the dependency on Federal & State General Funds
  - Reallocate Federal & State General Funds to their intended programs & activities
  - Define our requirements, measure and analyze future states
  - Provide flexibility to adjust fees to achieve a self-sustaining fee structure



# ***Proposed Application Fees***

<b>Natural Minor (Reg. 1102) Fee Proposal, Phase I Only</b>			
<b>Fee Description</b>	<b>Fee Occurrence</b>	<b>Current Fees</b>	<b>Phase I Proposed Fees</b>
<b>Application Fees</b>			
<b>Fuel Burning - Consolidated</b>	Each Application	\$165	\$300
<b>Process Units - Consolidated</b>	Each Application	\$215	\$400
<b>VOC Unit</b>	Each Application	\$180	\$300
<b>VOC Sys. – Gasoline Disp. Facility</b>	Each Application	\$120	\$250
<b>VOC Sys. – Dry Cleaning Facility</b>	Each Application	\$265	\$500
<b>Water Tank Lead Paint Removal</b>	Each Application	\$215	\$350
<b>Temp. Emergency Variance</b>	Each Application	\$1,000	\$1,750
<b>Variance</b>	Each Application	\$5,000	\$9,000
<b>Amendment to Permits</b>	Each Application	\$175	\$300



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# Proposed Annual Fees

Natural Minor (Reg. 1102) Fee Proposal, Phase I Only			
Fee Description	Fee Occurrence	Current Fees	Phase I Proposed Fees
Annual Fees			
Fuel Burning-Consolidated	Annual	\$75	\$125
Process Units - Consolidated	Annual	\$125	\$200
VOC Unit	Annual	\$75	\$125
VOC Sys. – Gasoline Disp. Facility	Annual	\$75	\$125
VOC Sys. – Delivery Vessel	Annual	\$50	\$85
VOC Sys. – Dry Cleaning Facility	Annual	\$175	\$300



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# Proposed Complexity Fees

Natural Minor (Reg. 1102) Fee Proposal, Phase I Only			
Fee Description	Fee Occurrence	Current Fees	Phase I Proposed Fees
Application Complexity Fees			
MNSR (Minor New Source Review)	Each Application	N/A	\$3,000
EOP (Emission Offset Provisions)	Each Application	N/A	\$12,000
PSD (Prevention of Significant Deterioration)	Each Application	N/A	\$12,000
*MACT (Maximum Achievable Control Technology)	Each Application	N/A	\$3,000
*NESHAP (National Emission Standards for Hazardous Air Pollutants)	Each Application	N/A	\$3,000
*NSPS (New Source Performance Standards)	Each Application	N/A	\$3,000
Distributed Generator Regulation 1144	Each Application	N/A	\$3,000

\* Emergency Generators and Natural Gas Boilers not included.



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# ***What are Complexity Fees?***

<b>Complexity Fee Examples</b>	
MNSR (Minor New Source Review)	PTE > 5-Tons Per Year (VOC, NO <sub>x</sub> , SO <sub>x</sub> , PM 2.5, HAPS)
EOP (Emission Offset Provisions)	New Major Source or Major Modification Nonattainment Pollutant
PSD (Prevention of Significant Deterioration)	New Major Source or Major Modification Attainment Pollutant
*MACT (Maximum Achievable Control Technology)	40 CFR Part 63
*NESHAP (National Emission Standards for Hazardous Air Pollutants)	40 CFR Part 61
*NSPS (New Source Performance Standards)	40 CFR Part 60
Distributed Generator Regulation 1144	Self Explanatory

**\* Emergency Generators and Natural Gas Boilers not included.**



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# ***Proposed Advertisement Fees***

Natural Minor (Reg. 1102) Fee Proposal, Phase I Only		
Fee Description	Fee Occurrence	Current Fees
Advertisement Fees		
**Advertisement	Each Application	\$325

**\*\* Advertisement fees established in 7 *Del. C.*, Chapter 60. No proposed increase.**



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# Where Does Your Permit Fall?

Permit Category Examples	
Fuel Burning - Consolidated	Oil Boilers, Natural Gas Boilers, Waste Oil Heaters, Crematories, Poultry Incinerators
Process Units - Consolidated	Auto Body Shops, Generators, Engines, Control Equipment (Oxidizers, Baghouse, Scrubbers, etc.)
VOC Unit	Fuel Storage, Degreaser, Storage Tanks
VOC Sys. – Gasoline Disp. Facility	Self Explanatory
VOC Sys. – Delivery Vessel	Self Explanatory
VOC Sys. – Dry Cleaning Facility	Self Explanatory
Water Tank Lead Paint Removal	Self Explanatory
Temp. Emergency Variance	7 Del. C. § 6012 Temporary emergency variances Temporary Permit (limited to 180 days, special circumstances such a critical failure of equipment)
Variance	7 Del. C. § 6011 Variance
Amendment to Permits	Self Explanatory



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# How?

- DAQ has an established process for managing Title V & Synthetic Minor Permitting Fees
  - Operates on a three year cycle
  - Allows for periodic evaluation of program costs
  - Supports adjustments of fees to support revenue requirements
  - Invoiced on a calendar year basis
- Align Natural Minor (Reg. 1102) and Title V cycles
  - When approved, delay annual billing January 1, 2021
- Proposed combined/joint legislation
  - One Bill modifying two subchapters of Title 7, Chapter 60
  - Create initial code language for NM Fees program
    - 1991 Bill never incorporated into Code



# Message

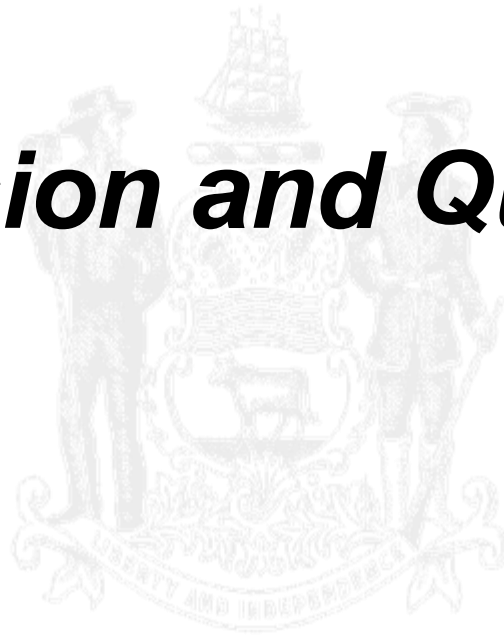
- Fees Established in 1991, unchanged in 29 years
- Severly underfunded, generates 25% program costs
- Significantly supplemented by Federal & State \$\$\$
  - Augmentation funding sources increasingly strained
- Unrealistic to fix in one sweeping change
- Suggest three-phase approach
  - Allows for continuous monitoring, evaluation and adjustment
- Incorporates Title V management principles
- Combined with Title V legislation
- Establishes specific language in Delaware Code
- Achieve a self-sustaining fee structure
- Reallocate funds to intended programs and activities



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# ***Discussion and Questions***



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# State-to-State Comparison Application Fees

Fee Description	Fee Occurrence	Current Fees	Projected Fees	Maryland	New Jersey	Pennsylvania
Application Fees						
Fuel Burning-Consolidated	Each Application	\$165	\$300	\$400 - \$800	\$885 (< 5 mmbtu)	\$375 Or \$1,000
Process Units - Consolidated	Each Application	\$215	\$400	\$250 or \$500	\$885	
VOC Unit	Each Application	\$180	\$300	\$200 or \$500	\$885	
VOC Sys. – Gasoline Disp. Facility	Each Application	\$120	\$250	\$500.00	\$885	
VOC Sys. – Dry Cleaning Facility	Each Application	\$265	\$500	\$500.00	\$885	
Water Tank Lead Paint Removal	Each Application	\$215	\$350	Unknown	Unknown	
Temp. Emergency Variance	Each Application	\$1,000	\$1,750	Unknown	Unknown	
Variance	Each Application	\$5,000	\$9,000	Unknown	Unknown	
Amendment to Permits	Each Application	\$175	\$300.00	Unknown	\$190.00	\$300.00



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# State-to-State Comparison Annual Fees

Fee Description	Fee Occurrence	Current Fees	Projected Fees	Maryland	New Jersey	Pennsylvania
Annual Fees						
Fuel Burning-Consolidated	Annual	\$75	\$125.00	\$500 + Emission Fees	\$1,370 first piece of equip + \$365 each additional	\$375
Process Units - Consolidated	Annual	\$125	\$200.00			
VOC Unit	Annual	\$75	\$125.00			
VOC Sys. – Gasoline Disp. Facility	Annual	\$75	\$125.00			
VOC Sys. – Delivery Vessel	Annual	\$50	\$85.00			
VOC Sys. – Dry Cleaning Facility	Annual	\$175	\$300.00			



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# State-to-State Comparison Complexity Fees

Fee Description	Fee Occurrence	Current Fees	Projected Fees		Maryland	New Jersey	Pennsylvania
<b>Application Complexity Fees</b>							
<b>MNSR</b>	Each Application	N/A	\$3,000		\$800	\$9,085	Unknown
<b>EOP</b>	Each Application	N/A	\$12,000		\$20,000	\$9,085	\$5,300
<b>PSD</b>	Each Application	N/A	\$12,000		\$20,000	\$9,085 plus other fees	\$22,700
<b>MACT (Emergency generators not included)</b>	Each Application	N/A	\$3,000		Unknown	\$2,730	\$8,000
<b>NESHAP (Emergency generators not included)</b>	Each Application	N/A	\$3,000		\$1,500	Unknown	\$1,700
<b>NSPS (Emergency generators not included)</b>	Each Application	N/A	\$3,000		\$1,500	\$2,730	N/A
<b>Distributed Generator 1144</b>	Each Application	N/A	\$3,000		Unknown	Unknown	N/A



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# ***Your Feedback is Appreciated***

Please email any additional questions or  
comments to

daqpermittinginfo@delaware.gov

or

Contact Angela Marconi or Tony Manson  
@ (302) 739-9402

Please respond NLT March 6, 2020.

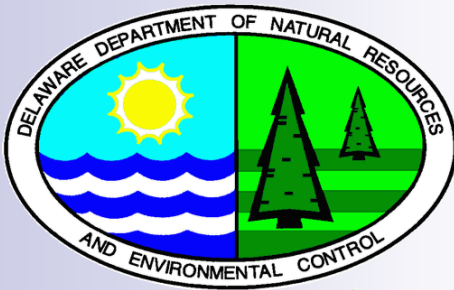
Meeting Information

<https://dnrec.alpha.delaware.gov/air/>



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# ***Director's Comments***



February 26, 2020

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